

R 040958Z AUG 08
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 3757
INFO DEPT OF COMMERCE WASHINGTON DC
DEPT OF ENERGY WASHINGTON DC
AMEMBASSY RABAT
AMEMBASSY ALGIERS
AMEMBASSY TUNIS
AMEMBASSY CAIRO
AMEMBASSY VALLETTA
AMEMBASSY ROME
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY TRIPOLI

UNCLAS TRIPOLI 000632

DEPT FOR NEA/MAG; COMMERCE FOR NATE MASON
ENERGY FOR GINA ERICKSON

E.O. 12958: N/A

TAGS: [ECON](#) [EIND](#) [EINV](#) [EMIN](#) [ENRG](#) [EPET](#) [ETRD](#) [LY](#)
SUBJECT: LIBYA COMMERCIAL ROUND-UP FOR JULY 2008

AVIATION

¶1. Flight Safety Foundation Workshop in Libya: The Flight Safety Foundation's CAAG (Controlled Flight Into Terrain and Approach and Landing Accident Reduction Action Group) brought its internationally regarded Approach and Landing Accident Reduction (ALAR) Tool Kit workshop to Tripoli, Libya last week. Libyan aviation professionals said that this was the first time a non-governmental international aviation safety event has been held in Libya. The workshop was hosted by Afriqiyah Airways of Libya and organized by Capt. Samir Abussada, a Libyan commercial pilot. More than 50 aviation professionals from Chad, Egypt, Libya and Tunisia attended the workshop. They represented civil aviation authorities, air traffic management organizations and several airlines in the region. [Flight Safety Foundation, 7/21/08]

CONSTRUCTION

¶2. Seokwang Gets Contract: South Korean builder Seokwang Construction Co Ltd has announced that it has won a 493 billion won (\$475.5 million) order to build houses in Libya. Seokwang said in a filing to the Korea Exchange that it had secured the deal from SMI-Hyundai Corporation Ltd., which has a well-established presence in Libya. [Reuters, 7/3/08]

¶3. Impregilo finalizes Libya contract to build university centers: Impregilo SpA said it has finalized contracts to build three university centers in Libya after the Libyan government approved construction plans. Impregilo said that the 'initial' authorization covered three buildings for a total of approximately 400 million euros. Impregilo said work will start on the three centers in the next few months and is expected to be completed by 2011. The contracts were signed by Impregilo Lidco, which is 60 percent owned by Impregilo and 40 percent by Libyan Development Company and the ODAC (Organization for Development of the Administrative Centers). [Thomson Financial, 7/7/08]

¶4. Spain's Sacyr Signs Libya Deal: Spanish construction firm Sacyr Vallehermoso has announced that it has signed three building deals in Libya worth 600 million euros through its subsidiary Svolidco. The contracts involve the construction of public service networks to provide gas, drinking water, telephone services and road construction in the cities of Benghazi and El Beyda. Svolidco, which is 60 percent owned by Sacyr and 40 percent owned by the Libyan government, hopes to sign the final contracts within six to eight months, according to a company statement. [Reuters, 7/14/08]

¶5. Hill International Signs Contract: U.S. firm Hill International announced today that it has received a contract from the Libyan Organization for the Development of

Administrative Centers (ODAC) to provide pre-construction and design management services on behalf of the Libyan Ministry for Higher Education in connection with 27 new university campuses across Libya. The one-year contract has an estimated value to Hill of approximately \$11.5 million. The overall \$5 billion university construction program is expected to be completed by December 2011. The campuses will range in size and diversity, accommodating 2,500 to 13,500 students in various regions throughout the country. [Businesswire, 7/15/08]

¶6. Movenpick to Open Resort in Libya: Movenpick Hotels & Resorts has signed a management contract with Libya's Bank of Commerce & Development for an urban resort hotel with over 500 units to open in Tripoli in 2010. Movenpick Hotel Diar Assalam will be situated in the most upmarket residential district of Tripoli as part of a multipurpose development whose planned features include a commercial center and a yacht club. To be located directly on the waterfront, the upscale resort will offer 320 rooms and suites, nine villas as well as 213 serviced apartments. Among these are several restaurants, a conference hall accommodating 400 delegates as well as a spa complex. [Libyainvestment.com, 7/18/08]

¶7. Libya to Expand Cement Production: Libya's government is planning to expand cement production to 15 million tons by 2011 from 8 million, a government official has told Reuters. The Tripoli government awarded licenses to four foreign companies -- out of 24 applicants -- earlier this month to set up cement-related operations to exploit natural resources including iron ore, lime and clay, according to Khalifa Ahmed al Badr, head of the state-owned National Mining Corporation. Badr did not name the four foreign firms which won the licenses to operate in Libya but said these companies have to form partnerships with Libyan firms whether state-owned or private ones. "The National Mining Corporation fixed the minimum share of the Libyan side in the partnership operation at 50 percent," said Badr, adding the bid winners have also to pay 25,000 dinars (\$21,150) as upfront payments. [Reuters, 7/22/08]

REGIONAL ISSUES

¶8. Energy projects with Egypt: Libya is planning an oil refinery and a natural gas pipeline in Egypt, helping boost investment in its Arab neighbor to \$10 billion in the next two years, its prime minister has said. "We have now about \$2 billion (of investments) and we expect that within a period of two years maximum this will reach \$10 billion," al-Baghdadi Ali al-Mahmoudi told a news conference. "It was agreed that an oil refinery will be built west of Alexandria with Libyan funding and it will be used for Libyan crude," he added. The refinery would have a capacity of 250,000 barrels per day, Mahmoudi said, without giving further details. Plans also included a natural gas pipeline between the Egyptian coastal city of Alexandria and the Libyan city of Tobruk, Mahmoudi said. He did not say if the pipeline would carry Egyptian natural gas or Libyan natural gas or say when it would begin operating. Other investments could include agriculture, real estate, and further energy projects, Mahmoudi said. [Reuters, 7/3/08]

¶9. Portugal and Libya ink accords: OPEC-member Libya and Portugal have signed two accords to boost cooperation in the oil and gas industry and allow the north African country to carry out investments inside and outside Portugal, Libya's official news agency Jana said. The two countries signed a framework agreement and a memorandum of understanding on Saturday in Tripoli during a visit by Portuguese Prime Minister Jose Socrates. The framework agreement seeks to encourage cooperation in oil and natural gas, especially in the areas of exploration, drilling, distribution, refinery and oil supply. The agreement also aims to boost bilateral trade and invited Portuguese companies to carry out projects in Libya in sectors such as housing, renewable energy, water purification, sanitation and tourism. The memorandum of understanding stipulates that the Libyan Investment Corporation (LIC) explore the possibilities of investment on its own, or in partnership with the Portuguese Ministry of Economy, in tourist, real estate and petrochemical projects both inside and outside Portugal, Jana said. [Reuters, 7/20/08]

OIL & GAS

¶10. Gazprom in Libya talks: Gazprom, Russia's state-controlled energy company, has offered to buy all oil and gas available for export from Libya, threatening to grab greater control of Europe's energy supplies. Chief Executive Officer Alexei Miller made the proposal to Libyan leader Moammar Qadhafi during a visit to Tripoli on July 9, the Moscow-based company said in a statement. Libya exported about 1.53 million barrels of oil a day in 2006, almost enough to supply Italy. Gazprom considers the country its priority partner in North Africa and said it has registered a unit called Gazprom Libya in Tripoli. Less than a month ago the company opened its first African office in neighboring Algeria. [Bloomberg, 7/10/08]

¶11. Libya to Cut Oil Production Because of Pipeline Work: Libya will cut output by 5.7 percent because of pipeline maintenance, trimming supplies at a time of near-record prices. The repairs will shut down 100,000 barrels a day of production this week, Shokri Ghanem, the country's top oil official, said in telephone interview. Libya has already idled Total SA's 75,000 barrel-a-day al-Jurf field after a drilling accident in May. [Bloomberg, 7/15/08]

¶12. Star Consortium concludes \$2 billion Libya deal: The Star Consortium, comprised of UAE-based Al Ghurair Investments' subsidiary TransAsia Gas International and ETA Ascon Star Group's Star Petro Energy, has concluded a \$2 billion deal with the National Oil Company of Libya to set up a joint venture company to own and upgrade its Ras Lanuf refinery. The proposed Joint Venture Company will be incorporated and registered in one of the free zones in Dubai, with offices in Ras Lanuf, Tripoli and Dubai. [Libyainvestment.com, 7/15/08]

¶13. Houston-based NATCO Awarded Contract: NATCO has announced that it has been awarded a \$24.9 million contract to provide membrane separation technology and equipment to capture CO2 for re-injection in Bouri, Libya's largest offshore oil field. Eni Oil Limited Libyan Branch operates the Bouri production platforms in the Mediterranean Sea, one of which will house the pre-treatment equipment and membrane systems intended to treat more than 160MM SCFD gas. [Reuters, 7/16/08]

¶14. Yara Deal with NOC: Libya's National Oil Corporation (NOC) and Yara International ASA of Norway, have completed a joint venture for the production and marketing of mineral fertilizer. This partnership agreement was signed on July 17 by Dr Shokri M. Ghanem for and on behalf of the NOC, Mr Mustafa Zarti on behalf of the Libyan Investment Authority, and Dr. Thorleif Enger, President and CEO of Yara International ASA. The planned Joint Venture will be owned 50% by YARA and 50% by the Libyan party (National Oil Corporation and Libyan Investment Authority) which includes the ammonia and urea plants located at Marsa el Brega in Libya, presently owned by the NOC. It is planned that the newly formed joint venture will commence the operation of the plants during the month of September 2008. This partnership agreement covers upgrading the existing production capacity at Marsa el Brega in Libya, and to study the feasibility of adding new fertilizer plants. [NOC website, 7/18/08]

¶15. Enppi, Petrojet Win \$1.4 Billion Gas-Pipeline Contract in Libya: Petroleum Projects & Technical Consultations Co. (Petrojet) and Engineering for the Petroleum and Process Industries (Enppi) have reportedly won a \$1.4 billion contract to expand Libya's natural-gas distribution network. The two Egyptian state-run companies will extend Libya's gas pipeline network by 1,000 kilometers (620 miles), the Egyptian Oil Ministry said today in a statement on its Web site. The contract is part of a Libyan project to link 500,000 homes to the gas network in five years, it said. Egypt and Libya also plan to link their electricity grids to facilitate power trading during periods of peak consumption, according to the statement. [Bloomberg, 7/18/08]

¶16. Libya wins better terms for oil field contracts: Four of Europe's biggest energy groups have rewritten two large oilfield

contracts with Libya, agreeing to significantly reduced terms for the right to keep working there. Total of France, StatoilHydro of Norway, Spain's Repsol and Austria's OMV agreed to pay a \$1 billion signing bonus for the contracts, which extend their stakes in the projects for another 10-15 years to 2032. The onshore fields, which lie 700km south of Tripoli, produce 300,000 barrels a day, with output expected to rise to 380,000 b/d in 2012. The two contracts cover block NC115, in which Total and OMV have 30 per cent stakes and Repsol the remaining 40 per cent. In the other block, Total and OMV each hold a 24 per cent stake, Repsol has 32 per cent stake and StatoilHydro holds the remaining 20 percent. [Reuters, 7/18/08]

¶17. Distance Learning Agreement signed between NOC and IHRDC: On Thursday 27th July 2008, the Libyan NOC signed a distance learning agreement with Houston-based International Human Resources Development Corporation (IHRDC) which is organized and authorized by British Petroleum (BP). Under this Agreement, IHRDC will install a distance learning system, which will allow 300 users access at the same time through NOC's main domain. 150 licenses are to be given to national companies, as well as NOC's affiliates, in order to expand the user's base of the distance learning process. IHRDC will provide training and workshops on the application of such system. [NOC website, 7/29/08]

¶18. Verenex Makes Find: Verenex Energy, Inc., the Canadian explorer that operates in North Africa and France, has made its seventh oil find in Libya's western region of Ghadames. The exploration well, called 4/47-1A, tested at flow-rates between 1,399 and 1,535 barrels a day, according to Libya's state-run NOC in a statement on its website. Under a 30-year production-sharing agreement signed in 2005 by Verenex, Indonesia's PT Medco Energi International and Libya, the two foreign companies will take 13.7 percent of any output and the North African state 86.3 percent. Verenex is the operator of the concession. Medco said in February that all six wells drilled in area 47 had found oil, and that the concession held potential reserves of 1 billion barrels with a potential daily output of 75,000 barrels a day. [Bloomberg, 7/28/08]

¶19. Libyan Oil Shipments Resume with Switzerland: According to Head of the Swiss Oil Association Rolf Hartl, Tripoli has resumed oil supplies to Switzerland with its own ships, reversing a July 24 decision to halt shipments. A Libyan tanker arrived in Genoa with 80,000 tones of crude oil which will be transferred to the Swiss refinery of Collombey through an oil pipeline. Two Swiss citizens detained in Libya immediately after the arrest of Hannibal al-Qadhafi have been released, though they are not allowed to leave the country. The two work for a Swiss company in Libya, and were officially arrested for violation of immigration regulations. After 10 days in prison, they are now in the Swiss embassy in Tripoli, waiting for authorization to leave. [AGI, 7/30/08]

¶20. Boots & Coots signs hydraulic workover and prevention contract in Libya: Boots & Coots International Well Control of Houston, Texas has announced it has signed a multi-service contract with Libya's Harouge Oil Operations Company. The new contract, valued at close to US\$15 million for a two year period, with optional one year extensions, provides for one hydraulic workover unit and a Safeguard prevention well control specialist for Harouge's Amal field. The hydraulic workover and prevention services provided under the contract give Harouge in-house first responder capabilities and will help the oil company achieve its field maintenance and production objectives.

Boots & Coots currently performs services under hydraulic workover/snubbing and/or Safeguard contracts in the North African neighboring countries, Algeria and Egypt, as well as in West Africa, the Middle-East, Venezuela, India, Oman and domestically in the US. [Boots & Coots website, 7/31/08]